



# Department of Justice

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FOR IMMEDIATE RELEASE

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## **FIVE INDICTED IN NATIONWIDE FRAUDULENT WORKERS' COMPENSATION INSURANCE SCHEME**

Jacksonville, Florida - Acting United States Attorney James R. Klindt, Michael J. Folmar, Special Agent in Charge, Federal Bureau of Investigation, Jacksonville Division, and Alex Sink, Chief Financial Officer for the State of Florida, today announced the unsealing of a 25-count indictment charging five defendants with conspiracy, wire fraud, mail fraud, and money laundering in relation to alleged massive workers' compensation insurance fraud. The defendants named in the indictment are: (1) Jerry M. Brewer, a 56-year-old resident of Capistrano Beach, California, currently residing in England; (2) Donald E. Touchet, a 53-year-old resident of El Cajon, California; (3) Dr. Richard E. Standridge, a 58-year-old resident of Tempe, Arizona; (4) Robert J. Jennings, a 59-year-old resident of Danville, Illinois; and (5) Joshua Poole, a 33-year-old resident of Atlanta, Georgia.

Brewer is named in each of the 25 counts and if convicted faces up to 275 years' imprisonment and a fine of up to \$8.9 million. Touchet is named in 22 counts and if convicted faces up to 215 years' imprisonment and a fine of up to \$7.9 million. Standridge is named in 11 counts and if convicted faces up to 100 years' imprisonment and a fine of up to \$1.25 million. Jennings is named in 15 counts and if convicted faces up to 165 years' imprisonment and a fine of up to \$2.2 million. And Poole is named in eight counts and if

convicted faces up to 100 years' imprisonment and a fine of up to \$2.5 million. Additionally, a forfeiture allegation in the indictment seeks more than \$100 million in forfeiture, as proceeds of the fraudulent scheme.

According to the indictment, the defendants, along with others, conspired between 2001 and April 2004 to defraud client companies of professional employer organizations (PEOs), nationwide, into paying workers' compensation insurance premiums for fraudulent, illegal, and sham workers' compensation insurance coverage, leaving thousands of employees throughout the United States without workers' compensation insurance coverage. The indictment alleges that conspirators used corporate names of purported insurance companies and incorporate offshore foreign corporations to provide an air of legitimacy to their fraudulent scheme. As part of the scheme, it is alleged that conspirators, using co-conspirator insurance brokers and consultants, contracted with owners and operators of PEOs, to provide their client companies with sham workers' compensation insurance. It is further alleged that owners and operators of PEOs fraudulently represented to their client companies that the client companies' employees were legally and legitimately covered under the PEO's workers' compensation insurance policy, knowing that the alleged workers' compensation insurance company did not have the authority to transact business or provide insurance coverage. The indictment sets forth details surrounding domestic and international electronic transfers of millions of dollars of fraudulently obtained insurance premiums.

The case was investigated by the Federal Bureau of Investigation and the Florida Department of Financial Services, Fraud Division, and will be prosecuted by Assistant United States Attorney Mark B. Devereaux.

An indictment is merely a formal charge that a defendant has committed a violation of the federal criminal laws, and every defendant is presumed innocent until, and unless, proven guilty.